



Senate

General Assembly

File No. 521

January Session, 2003

Substitute Senate Bill No. 5

Senate, April 24, 2003

The Committee on Public Health reported through SEN. MURPHY of the 16th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING MEDICARE SUPPLEMENT INSURANCE PREMIUM INCREASES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-495c of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2003*):

3 (a) [Any] Each insurance company, fraternal benefit society, hospital
4 service corporation, medical service corporation, health care center or
5 any other entity in this state, on or after January 1, 1994, [which] that
6 delivers, issues for delivery, continues or renews any Medicare
7 supplement insurance policies or certificates shall base the premium
8 rates charged on a community rate. Such rate shall not be based on
9 age, gender, previous claims history or the medical condition of the
10 person covered by such policy or certificate. Except as provided in
11 subsection (c) of this section, coverage shall not be denied on the basis
12 of age, gender, previous claim history or the medical condition of the
13 person covered by such policy or certificate, except for plans "H" to "J",

14 inclusive, as provided in section 38a-495b. In plans "H" to "J", inclusive,
15 previous claims history and the medical condition of the applicant may
16 be used in determining rates and granting coverage under Medicare
17 supplement policies and certificates.

18 (b) Nothing in this section shall prohibit an insurance company,
19 fraternal benefit society, hospital service corporation, medical service
20 corporation, health care center or any other entity in this state issuing
21 Medicare supplement insurance policies or certificates from using its
22 usual and customary underwriting procedures, provided no such
23 company, society, corporation, center or other entity shall issue a
24 Medicare supplement policy or certificate based on the age, gender,
25 previous claims history or the medical condition of the applicant,
26 except that the previous claims history and the medical condition of
27 the applicant may be used in determining rates and granting coverage
28 under Medicare supplement policies and certificates for plans "H" to
29 "J", inclusive.

30 (c) Nothing in this section shall prohibit an insurance company,
31 fraternal benefit society, hospital service corporation, medical service
32 corporation, health care center or any other entity in this state when
33 granting coverage under a Medicare supplement policy or certificate
34 from excluding benefits for losses incurred within six months from the
35 effective date of coverage based on a preexisting condition, in
36 accordance with section 38a-495a and the regulations adopted
37 pursuant to section 38a-495a.

38 (d) [Every] Each insurance company, fraternal benefit society,
39 hospital service corporation, medical service corporation, health care
40 center or other entity in the state issuing Medicare supplement policies
41 or certificates for plan "A", "B" or "C", or any combination thereof, to
42 persons eligible for Medicare by reason of age, shall offer for sale the
43 same such policies or certificates to persons eligible for Medicare by
44 reason of disability.

45 (e) Every insurance company, fraternal benefit society, hospital
46 service corporation, medical service corporation, health care center or

47 other entity in the state issuing Medicare supplement policies or
 48 certificates shall make all necessary arrangements with the Medicare
 49 Part B carrier and all Medicare Part A intermediaries to allow for the
 50 forwarding, to the issuing entity, of all Medicare claims containing the
 51 name of the entity issuing a Medicare supplement policy or certificate
 52 and the identification number of an insured. The entity issuing the
 53 Medicare supplement policy or certificate shall process all benefits
 54 available to an insured from a Medicare claim so forwarded, without
 55 requiring any additional action on the part of the insured.

56 (f) The provisions of subsections (a) to (e), inclusive, of this section
 57 shall apply to all Medicare supplement policies or certificates issued
 58 on and after January 1, 1994. For Medicare supplement policies or
 59 certificates issued prior to January 1, 1994, the provisions of this
 60 section shall apply as of the first rating period commencing on or after
 61 January 1, 1994, but no later than January 1, 1995.

62 (g) For a Medicare supplement policy or certificate first issued by an
 63 entity to a person on or after October 1, 2003, the entity may not
 64 impose a rate increase on such person until at least six months after the
 65 initial date of issue.

66 [(g)] (h) The Insurance Commissioner shall adopt such regulations
 67 as he deems necessary, in accordance with chapter 54, to carry out the
 68 purposes of this section.

This act shall take effect as follows:	
Section 1	October 1, 2003

AGE *Joint Favorable C/R*

INS

PH *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Insurance Dept.	IF - None	None	None

Note: IF=Insurance Fund

Municipal Impact: None

Explanation

The bill affects rate increases for Medicare supplement policies and does not result in a fiscal impact on state or local governments.

OLR Bill Analysis

sSB 5

***AN ACT CONCERNING MEDICARE SUPPLEMENT INSURANCE
PREMIUM INCREASES*****SUMMARY:**

This bill prohibits premium rate increases on Medicare supplement insurance policies first issued on or after October 1, 2003 until at least six months after the initial date of issue.

EFFECTIVE DATE: October 1, 2003

BACKGROUND***Medicare Supplement Policies***

A Medicare supplement policy is an individual or group health insurance policy that provides benefits additional to those Medicare provides for people age 65 or over and, to some extent, younger disabled people receiving Medicare. By law, the Insurance Department must review any Medicare supplement policy rate change request, and the commissioner must hold a public hearing on any rate increase. The commissioner must either approve or deny the increase within 45 days of receiving it.

Medicare supplement policies sold in Connecticut have been standardized in accordance with federal law since 1990 (42 U.S.C. § 1395ss). Insurers must offer a core benefit policy, Plan A, and may offer policies with additional benefits (Plans B through J). Except for Plans H, I, and J, coverage must be offered, and rates computed, without regard to the insured's previous claims history or medical condition.

COMMITTEE ACTION

Select Committee on Aging

Joint Favorable Change of Reference

Yea 12 Nay 0

Insurance and Real Estate Committee

Change of Reference

Voice Vote

Public Health Committee

Joint Favorable Substitute

Yea 15 Nay 7